

Profit Takes Heavy Toll in Men's Clothing

THE four essentials of life are food, fuel, clothing and shelter and most of the human race spends the greater share of its hours working for these basic necessities. No matter how prosperous a people may be, the procurement of these essentials is their first concern, and while it is true that we have never lacked for utopians who thought they could evolve a state of society in which these necessities would be supplied automatically, nobody has yet succeeded in providing any practical proof that man can live without working.

Of late years, however, the task of supplying these essentials has grown and no part of the load has been harder to bear than that imposed by the price of clothing, which has advanced more than 200 per cent since 1915. Boil down the government statistics covering eight of the principal cities of the United States, pare away all the nonessential figures and you get the fact that since 1915 the necessities of life have more than doubled in cost. The advance has been made in the following proportions:

	Per cent.
Clothing	203.43
Food	110.6
Fuel and light	72.72
Housing	46.03

Strike an average and you will find that for these four essentials you are paying 108 per cent more than you did six years ago, so that the increase in clothing prices is nearly twice as great as the average advance of all four commodities.

Who has been getting the bulk of this enormous increase?

The government has prosecuted a large number of clothing dealers for profiteering and has established the fact that many retailers have gouged the public without mercy. In addition to this the government has gone back of the clothing dealer to the woolen mill and indicted the American Woolen Company. This case was dismissed by the Federal Court on a technicality, but the government's statement of its case was so strong that the public feels convinced that the company was at least morally guilty.

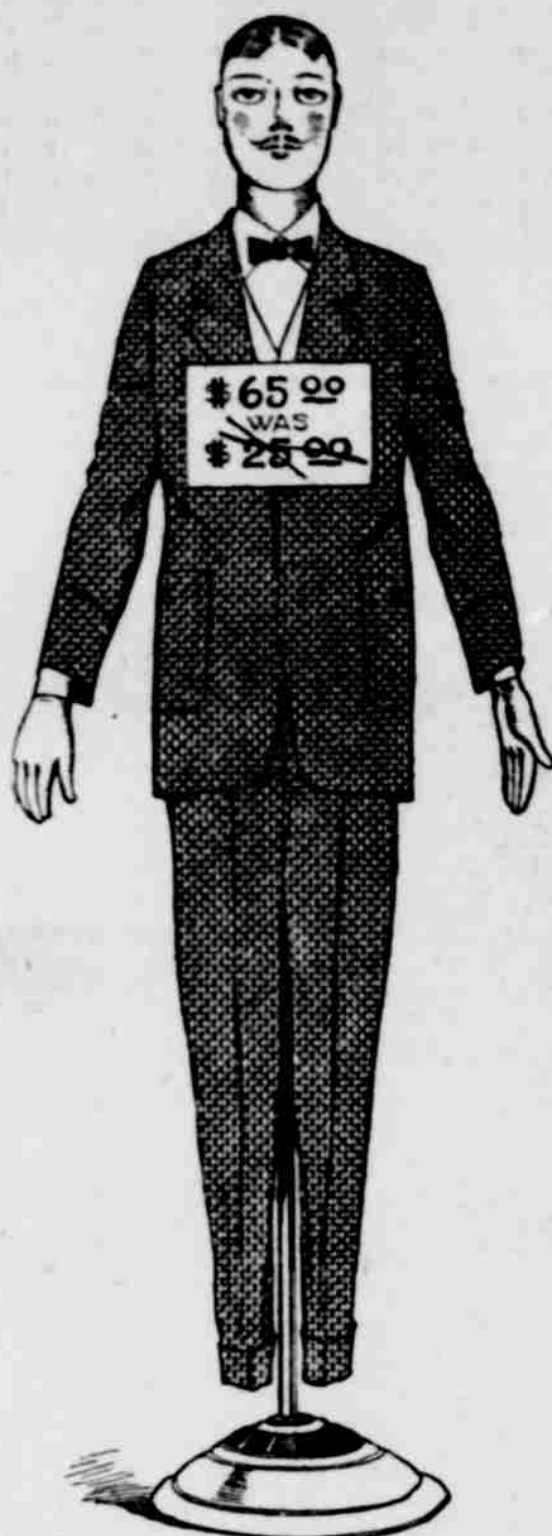
Retailers and mills deny all the charges made against them. They claim that they have been helpless before the steadily advancing costs of materials and labor, and they point especially to the increases given to labor as constituting one of the chief reasons for the advance in the cost of clothing to the public.

There is but one way to check up these contradictory statements and that is to follow the cloth from its appearance as wool in the mills to its final form as a suit of clothes, on the consumer's back.

There are many kinds of cloths and many varieties of suits. Some are very high in price and quality and some are low in quality and moderate in price. These extremes can be fairly omitted and if we choose a medium class cloth, say a fancy worsted, 57 inches wide and 11 ounces to the yard, as the material from which to make a staple, three-piece sack suit, we shall probably come very close to an average for the entire trade.

The best available data on pre-war conditions in the woolen and garment industries is to be found in the report of the Tariff Board on Schedule K of the tariff law and covers the year 1910. It is possible, therefore, to contrast 1910 with 1920, using for the later date figures procured from a high and wholly competent authority.

Taking up first the manufacture of the woolen goods from which the suit is made, we find that in 1910 the cost of the wool used in the making of a yard of the goods which we have selected, was 56½ cents. Labor cost 46 cents and mill expense was 24 cents. This made the total cost \$1.26½ a yard. To this the mill added a profit of \$.063 a yard, so that the



1910 The Cloth	
Wool, net cost	\$0.565
Labor	.460
Mill expense	.240
Total mill cost	\$1.265
Mill profit	.063
Wholesale price per yard	\$1.328

The Suit	
Cloth (3.6 yards)	\$ 4.78
Trimmings	2.77
Labor	3.74
Factory expense	1.12
Total factory cost	\$12.41
Selling and general expense	1.91
Factory profit	1.07
Wholesale price, net	\$15.39
Retail price	\$25.00

1920 The Cloth	
Wool, net cost	\$1.638
Labor	1.100
Mill expense	.600
Total mill cost	\$3.338
Mill profit	.298
Wholesale price	\$3.636

The Suit	
Cloth	\$13.09
Trimmings	8.58
Labor	8.88
Factory expense	2.80
Total factory cost	\$33.35
Selling and general expense	4.83
Factory profit	3.70
Wholesale price, net	\$41.98
Retail price	\$65.00

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Labor	Material & Overhead	PROFIT
\$12.81	\$24.44	\$27.75

This scale represents the manner in which the \$65 paid in 1920 for a staple suit of clothes is divided among manufacturers, labor and retailers, beginning with the wool and ending with the retailer's gross profit. The retailer's net profit varies so much that it is apparently impossible to determine a fair average.

CLOTHING
203.43%

FOOD
110.6%

FUEL AND LIGHT
72.72%

HOUSING
46.03%

We all, of course, have been hit by the increase in the cost of living, and there's little consolation to be had in this drawing, which reveals that clothing has gone skyward a far higher percentage than have the other necessities of existence.

wholesale price at which the clothing factories purchased the goods was \$1.328.

Turn now to the figures of 1920. The wool which in 1910 cost 56½ cents to the yard now costs \$1.638.

The cost of labor has jumped from 46 cents a yard to \$1.10.

Mill expense has increased from 24 cents a yard to 60 cents.

The mill profit has grown from a little more than six cents to practically 30 cents.

And the wholesale price is now \$3.636 instead of \$1.328, an increase of 174 per cent.

The increase in the cost of labor is very noticeable. But before you commit yourself to the belief that labor is mainly responsible for the high price of woolen goods go over those figures again.

Take your pencil and figure out what percentage of the cost of producing a yard of wool goods went to labor in 1910 and what percentage labor gets in 1920.

You will find that the cost of labor is a smaller factor in the price of a yard of cloth today than it was 10 years ago.

"But," you say, "how can that be when wages have increased from 46 cents to \$1.10 a yard?"

It is because of the fact that although the cost of labor has increased very greatly, it has not increased as much as the cost of the raw material, nor as much as the mill's profit.

Ten years ago the wool entering the manufacture of a yard of goods constituted 44.67 per cent of the mill cost. Until the recent decline the wool constituted 49.07 per cent of the cost.

Ten years ago labor was responsible for 36.36 per cent of the manufacturing cost of every yard of goods. Today labor gets 33 per cent of the cost—just 3.36 per cent less than its share in 1910.

This, you will understand, is not an attempt to show that labor gets less money than it did 10 years ago. Such an effort would be ridiculous. The purpose of quoting these figures is merely to show that when the charge is made that labor is responsible for the high cost of woolen goods the workingman is being wronged, because while he undoubtedly does re-

ceive more money other factors have increased in greater proportion than labor.

The mill, for instance, which received a profit of a trifle more than six cents a yard now gets almost 30 cents a yard—an increase in profit of 373 per cent.

Having finished with the process of manufacturing the cloth, let us go on to the clothing factory and inquire into the cost of the various factors which enter the manufacture of the clothes themselves.

In 1910 a suit made of the goods which we have just followed through the mill sold at retail for \$25. Today it brings \$65—same goods, same quality, same workmanship, same everything but price. Why?

Ten years ago the three and six-tenths yards of cloth which went into the suit could be purchased for \$4.78. Today this cloth costs \$13.09.

Ten years ago the trimmings cost only \$2.77. Today they cost \$8.58.

Ten years ago the labor on a suit of clothes cost \$3.74 or 30.13 per cent of the whole cost of manufacture. Today labor gets \$8.88, or 26.53 per cent of the cost.

And then, whereas the factory profit on such a suit was \$1.07 in 1910, the profit on this same suit today is \$3.80, which may not seem much of an increase until you reflect that it amounts to 281 per cent and that there are a good many millions of suits of clothes made in this country every year.

The retailer, who is the last man in the chain by means of which the clothing is finally delivered to the public, gets the final whack at the consumer. His gross profit in 1910 was \$9.61. His gross profit today is \$22.12.

So here it is proved again that while the cost of labor has increased tremendously, the profits of the manufacturers have increased in greater proportions than those of labor. Or, in other words, every time the employer gives labor an increase he not only adds that increase to the price which the consumer must ultimately pay, but he tacks on a still larger profit for himself.

A moment's study of the following table, which contains all the elements of the retail selling price will